

The Impact of the Financial Crisis on Bulgarian Migrants

Being a net exporter of people, Bulgaria shapes its migration policies to reduce emigration flows and stimulate the return of Bulgarian nationals to improve the demographic balance and increase labour supply.

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Historical background

The final decade of the Twentieth Century witnessed the largest economic experiment of recent times as former communist countries implemented economic reforms designed to expedite their transformation into market-based economies. The transformation process has influenced the direction of economic policies and shaped social policies, business practices and institutions. The collapse of the central planning system in Europe also provided the citizens of these communist regimes with greater opportunities to migrate abroad. The first post-communist emigration wave from Bulgaria started soon after the liberalisation of State passport regulations and the abolition of the exit visa requirements in 1989. Nearly one-quarter of a million Bulgarians left the country in this particular year. They were mainly comprised of Bulgarians of Turkish descent whose departure was more motivated by political rather than economic considerations. It was not until the mid-1990s that the pattern of Bulgarian emigration flows could be characterised as primarily driven by economic factors. In this early period, Bulgarian emigration was mainly directed towards Central European destinations, notably the Czech Republic, Hungary and Austria.

The economic circumstances influencing migration flows since the 1990s can be divided into three periods. The first period (1990–2000) is characterised by the start of the transition and the economic downturn resulting from a number of radical economic and social reforms (e.g., the liberalisation of prices and trade conditions; privatisation and mass layoffs; liquidation of existing cooperatives in the agricultural sector, which caused high rural unemployment). During this period, the lack of jobs and poverty stimulated emigration. According to some sources, the number of immigrants in the period from 1989 to 2000 amounted to 691 thousand people (BAS & UNPF, 2005, p.71).

The second period (2000–2007) is characterised by an improvement in the economic and social environment, and an increase in job opportunities and income levels. These factors contributed to a decrease in emigration flows and an increase in immigration. After 2002, the emigration flow stabilised at a level of about seven per cent of the

population (UNPF, 2007, p.86). However, the country remained relatively poor – GDP per capita was 33.9 per cent of the Western European level from 2000 to 2002¹. Poor living standards, compared with the EU-25, made Bulgaria less attractive to immigrants and turned it mostly into a ‘transit’ country on the way to Western Europe.

The third period of Bulgaria’s economic development starts in 2007, when the country became a member of the EU. Its new status as a member of the European Union changed the structure of Bulgarian emigration to Western Europe, while also increasing the attractiveness of the country to immigrants.

Migration flows: Quantitative and qualitative dimensions

As pointed out above, Bulgaria is a net exporter of people, as the number of emigrants significantly exceeds that of immigrants and refugees. Moreover, Bulgaria’s population is decreasing. In 1989, the country had a population of 8,987,000, whereas in 2009 the population had dropped to just 7,204,687. This reduction is the result of both the negative balance of births and deaths, and more emigration than immigration.

Large waves of emigration have become a serious problem for Bulgaria due to its negative impact on population growth and the present labour shortage resulting from the country’s economic revival. After 2002, the emigration wave involved some 90,000 people per year. However, according to some projections, the emigration flow should decrease and stabilise at about 6,000 to 8,000 people per year after 2010. This decrease might reflect what is referred to as ‘emigration exhaustion’ in the country.

A number of studies show that emigration readiness is not high among young people. The structure of the emigration flows can be traced for the period from 2002 to 2008. The level of highly qualified emigrants has dropped from 17 per cent to 9 per cent, but the number of low-qualified workers has increased. According to a 2001 census, potential long-term emigrants mainly consisted of educated young people, including women of fertile age; while low-qualified people mostly declared an intention to emigrate only for short-term, seasonal labour. In recent years, there has been a growing tendency towards temporary seasonal, rather than permanent

migration, with the preferred destinations being Greece, Italy, the Netherlands, Germany and Spain. The intention to emigrate for short-term mobility has increased from 26 per cent in 2001 to 42.4 per cent in 2007 (National Representative Survey, 2007, p.87). The main motives underpinning this trend are interpreted to be primarily of economic nature. The rise in temporary or circular and repeated economic migration, which is predominantly undocumented, is attributed to increased unemployment in certain regions of Bulgaria. The opportunity to stay in the Schengen states for three months without a visa provides an additional incentive². It is believed that many Bulgarians exploit this opportunity to undertake illegal employment in Europe, while residing there legally for three months.

Immigrants in Bulgaria: Young and highly educated

Immigration flows are insignificant compared to emigration flows. The total number of immigrants, according to the last census, was 18,688 in 2001. The statistics on permanently resident foreigners outline an increase to 55,653 in 2006. In the same year, 77 per cent of immigrants came from Europe, 19 per cent from Asia, 2 per cent from America, 1 per cent from Africa and 1 per cent were stateless. The countries of origin of European immigrants included mainly Turkey, the Russian Federation, Ukraine, the Republic of Macedonia and Moldova (85.2% of all European immigrants). People from China and Armenia predominated the flow from Asia (Council of Ministers, 2008).

It is important to underline that immigrants are not a homogeneous group. They include permanent residents, people with long-term stay (16%), people granted humanitarian status or refugee status (11%), people with double citizenship or who are stateless (6%), and short-term residents (4%). Most immigrants to Bulgaria are relatively young: 30 per cent are in the age group between 18 and 30 years, while 26 per cent are aged between 31 and 40 years. Immigrants are relatively well educated: 21 per cent have higher education and 56 per cent of the employed immigrants have their own trade business or are employees in joint venture companies or international companies active in Bulgaria. Thirty-eight per cent of immigrants to Bulgaria are engaged in low-qualified occupations. An interesting question is

¹ According to UNICEF Trans Monce Database and National Statistical Office.

² Bulgaria was removed from the ‘black Schengen list’ in April 2001, which means that Bulgarian citizens can travel freely within the Schengen area for three months.

the extent to which immigrants are involved in illegal activities and the 'grey economy'. The cited survey does not confirm the widespread opinion that immigrants are strongly involved in this sector (UNFPA et al., 2007).

Migration policy: Limiting emigration and attracting Bulgarian nationals

The Bulgarian migration policy is based on international commitments and agreements in the field. It follows the generally acknowledged principles regarding migrants and focuses particularly on emigration. The Government is currently undertaking steps to develop a consistent policy in the field of migration, including the development of strategic documents and action plans related to emigration and immigration. These steps were motivated by widespread debate on the decreasing demographic trends and labour shortages. The aim of the policy is to reduce and stabilise emigration flows and to stimulate immigration to improve the demographic balance and increase labour supply.

Assuming that present upward immigration trends continue, the National Emigration and Immigration Strategy of the Republic of Bulgaria (May 2008) underlines the need, among other things, for intensive public debate about the socioeconomic role of immigration, to improve existing legislation to unify legal norms concerning immigration problems, and to further develop the information system for immigrants regulating procedures for recognising the education and professional qualifications of immigrants. The immigration policy is focused on ethnic Bulgarians living abroad. There are four main directions of action: (i) facilitating procedures for obtaining Bulgarian citizenship, (ii) providing scholarships for children of ethnic Bulgarian origin from other countries and who wish to stay in Bulgaria, (iii) activating and expanding spheres of cooperation with Bulgarian emigrants abroad, and (iv) elaborating a policy to attract ethnic Bulgarians to settle in Bulgaria and to encourage their entrepreneurship in Bulgaria. To complement these measures, the Bulgarian Government has implemented the so-called 'Green Card' for foreign workers, introduced in April 2008, as an instrument for attracting immigrants of Bulgarian origin by providing better conditions for economic and social integration.

Remittances and their impacts

It is widely considered that migrant remittances, defined as cash or in-kind transfers from migrants to relatives and friends in their country of origin, play a significant role in maintaining basic living standards for many households in countries of origin. Over the last decade, migrant remittances have assumed increased significance for many transitional economies. Data released by the Bulgarian National Bank confirm that the amount of money sent by Bulgarian residents abroad to relatives in their home country has, over recent years, steadily

increased, both in absolute terms and in relation to GDP. Given the existence of both informal methods of transfer and in-kind transfers, remittance flows are probably underreported. According to data released by the Agency for Bulgarians Abroad³, at least 300,000 Bulgarian migrants send amounts ranging from between USD 100 to USD 300 to their families in Bulgaria on a monthly basis. For example, in 2007 such transfers accounted for about 5 per cent of Bulgarian GDP.

The scale of these remittances raises important questions about their potential impact on Bulgaria's economy and whether or not the gain through remittances counterbalances the 'brain-drain' experienced by the country through permanent emigration. Remittances are used primarily to cover basic needs, but also to purchase durable and investment goods. A study on the effects of migrant remittances on the Bulgarian economy emphasises their increased use for the purchase of real estate. Research by the Institute for Market Economics on the real estate market showed that over the period from 2002 to 2004, about 10 per cent of real estate purchased in large Bulgarian cities was financed by migrant remittances.

There is no clear indication of how remittance flows to Bulgaria will evolve in the context of the global financial crisis. It is likely that the flows will decrease as world remittances are expected to drop by 7 per cent to 10 per cent in 2009. The tendency to use informal channels for transfers is also stronger during times, such as now, when there is a lack of trust in the banking system.

Influence of the global economic crisis on Bulgarian migration

In the past months there has been a lot of speculation regarding the potential return of short-term Bulgarian migrants due to the effects of the global economic crisis on Western economies. When the usual destination countries for Bulgarian emigrants undergo periods of recession and increased unemployment (such as Spain, which is experiencing unemployment of 17.4%), policy measures are targeted at the return of migrants through financial support. At the same time, official statistics indicate that the increase in unemployment in Bulgaria has been smaller than expected. In March 2009, the unemployment rate was approximately 7 per cent due to some measures undertaken by the Government to preserve employment levels. The Government is allocating funds to employers who are ready to keep workers on part time contracts.

Trade unions in Bulgaria also think that one of the reasons for Bulgarian migrants to return could be the possibility of receiving unemployment benefits in Bulgaria for employment periods in some other

European countries. The stigmatisation of migrant communities in economically rich countries may also be a reason for the return of short-term emigrants.

This spring, a new political party, 'The Other Bulgaria', was established in Bulgaria, claiming to represent Bulgarian emigrants. Bulgarian emigrants in Greece have started to return to Bulgaria en masse, claimed the leader of the new party, Bozhidar Tomalevski, on a working visit to Greece. He predicted that there could be a wave of up to 150,000 Bulgarians returning from Greece over the next year out of an estimated total of 360,000 Bulgarians currently living in Greece. He called on the Bulgarian Government to deal with the problem of illegal Bulgarian workers in Greece and stated that his party, which was set up by Bulgarian emigrants, would put forward new, adequate political measures to assist Bulgarian emigrants and their families.

However, there is no clear evidence to suggest that there will be a massive flow of returns. Given that the global economic crisis is also affecting Bulgaria's economy, although in a delayed manner, migrants who invested money to go to economically rich countries may prefer to stay where they are and wait for improvements. ■

References

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³ The Agency for Bulgarians Abroad (ABA) is a state institution tasked with collecting data about expatriate Bulgarians. It also coordinates and supports the activities of state institutions towards expatriate Bulgarians.